

FISCAL IMPACT STATEMENT ON BILL NO. **H.3006, as Amended**

(Doc. No. 10534mm05)

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| TO: | The Honorable Robert Harrell, Chairman, House Ways and Means Committee | | |
| FROM: | Office of State Budget, Budget and Control Board | | |
| ANALYSTS: | R.J. Stein, Tricia Tangney | | |
| DATE: | January 13, 2005 | SBD: | 2005080 |

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| AUTHOR: | House Ways and Means Committee | PRIMARY CODE CITE: | 12-63-20 |
| SUBJECT: | Jobs Creation Act | | |

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

House Bill 3006, as amended, amends Title 12 and Title 33 of the Code of Laws of South Carolina, 1976, by establishing the Jobs Creation Act which provides income tax credits, loans and exemptions from sales and use taxes to qualifying businesses. The Bill also amends Title 33, Chapter 37 of the Code of Laws of South Carolina, 1976, relating to Business Development Corporations and creates a capital access program (CAP). This program is to be funded by an initial appropriation by the General Assembly of at least \$2.5 million and any additional appropriations the Legislature may make in the future. The purpose of the CAP is to provide a loan loss reserve to assist participating financial institutions making loans to small businesses located in South Carolina that find it difficult to obtain regular bank financing. The Bill also amends Title 12, Chapter 62 of the Code of Laws of South Carolina, 1976, relating to tax incentives for the motion picture industry. The Bill includes several technical changes and eliminates the sales tax rebate for accommodations.

EXPLANATION OF IMPACT:

Implementation of this Bill would have a fiscal impact on the State of at least \$2.5 million in the first year. Depending on the funding source(s) designated by the General Assembly, the impact could be either on General Funds or Other funds. Section 33-37-1020 states that this minimum initial appropriation and any funds from later appropriations are to be deposited in the CAP state fund account. The Department of Commerce indicates that the cost of setting up the Business Development Corporation and the CAP would be minimal and could be absorbed within existing resources.

The Department of Revenue indicates there would be no impact associated with enactment of this Bill. The Board of Financial Institutions has been contacted concerning any potential impact associated with this Bill. Agency response is pending.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this Bill.

Approved by:



Don Addy
Assistant Director, Office of State Budget